

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Charter Township of Williams	County Bay
Audit Date 12/31/04	Opinion Date 4/6/05	Date Accountant Report Submitted to State: 8/25/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

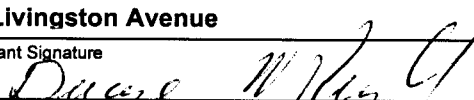
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.		✓	
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Andrews Hooper & Pavlik, P.L.C.			
Street Address 720 Livingston Avenue		City Bay City	State MI
Accountant Signature 		ZIP 48708	Date 8/23/05

Financial Statements

The Charter Township of Williams
Bay County
State of Michigan

Year ended December 31, 2004

Township Officials

Supervisor	Thomas Paige
Clerk	Amy Charney
Treasurer	Connie Hoverman
Trustee	Paul Wasek
Trustee	James Plant
Trustee	Tom Putt
Trustee	Jerry Schrott

The Charter Township of Williams
Bay County
State of Michigan

Year ended December 31, 2004

Table of Contents

Report of Independent Auditors	1
Management's Discussion and Analysis	3
Government Wide Financial Statements:	
Statement of Net Assets	8
Statement of Activities.....	9
Fund Financial Statements:	
Balance Sheet – Governmental Funds	10
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Statement of Changes in Assets and Liabilities – Agency Fund – Current Tax Collections Fund.....	13
Notes to Financial Statements.....	14
Required Supplemental Information:	
General Fund – Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	30
General Fund – Schedule of General Fund Expenditures – Budget and Actual.....	31
Garbage Collection Fund – Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	32
Other Financial Information:	
Detail of Indebtedness	33
Schedule of Capital Assets	38



Report of Independent Auditors

To the Township Board
The Charter Township of Williams
Bay County
Auburn, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Charter Township of Williams, Bay County, Michigan (Township), as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Charter Township of Williams, Bay County, Michigan, as of December 31, 2004, and the respective changes in financial position for the year ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the Charter Township of Williams, Bay County, Michigan, has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of January 1, 2004.

The management's discussion and analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Charter Township of Williams, Bay County, Michigan. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Andrews Hooper & Pavlik P.L.C.

Bay City, Michigan
April 6, 2005

This section of the Charter Township of Williams' (Township) annual financial report presents our discussion of the Township's financial performance during the fiscal year ended December 31, 2004. Please read it in conjunction with the Township's financial statements.

Overview

The 2004 financial statements for the Township follow a different format than in previous years. The annual report has been changed to comply with implementation of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

A comparative analysis will be provided in future years when prior year information is available.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting to measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

The Statement of Net Assets and the Statement of Activities distinguish functions of the Township that are primarily supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Township include general government, public safety, public works, and trash collection.

The Fund financial statements present a short-term view. They tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fund financial statements can be divided into two categories including governmental funds and fiduciary funds. The fiduciary fund statements provide information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

The Township as a Whole

The following are the most significant financial highlights for the year ended December 31, 2004. State-shared revenue, one of the Township's major revenue sources for the General Fund, was reduced by the State of Michigan by approximately \$27,000. Having anticipated this, the initial budget was established at a rate of 10 percent less than the prior year. As a result of conscientious spending, the Township's revenue was approximately \$470,000 over the expenses incurred.

Governmental Activities

The Township's total governmental revenues and transfers were approximately \$1,975,000. The largest portion is from assessing property taxes. The second largest source of revenue is derived from state revenue sharing.

The Township incurred expenses of approximately \$1,504,000 during the year. The largest expenses were for trash collection expense, police and fire protection, both of which are included in the public safety expenses, and general government.

The Township's Funds

The Township's funds for 2004 are the General Fund, Garbage Collection Fund, Sewer Connection Fund and Waterline Extension and Construction Fund. These funds were created by the Township board to manage money for specific purposes as well as to show accountability for assessments collected as part of the property taxes.

The General Fund is the chief operating fund of the Township and pays for most of the Township's governmental services. The most significant expenses are for public safety, including fire and police protection, and public works.

The Garbage Collection Fund is a special revenue fund and is a major fund for the year ended December 31, 2004. All major expenses for this fund are considered garbage collection expense. Revenues for the Garbage Collection Fund are derived from taxes and interest.

General Fund Budgetary Highlights

Throughout the year, the Township Board made adjustments to the budget. There were no significant adjustments needed, although the cost of police and fire protection rose slightly as did medical and dental insurance. Overall, the Township managed to increase the fund balance of the General Fund by approximately \$48,000.

Capital Asset and Debt Administration

At December 31, 2004, the Township had \$1,631,789 in net capital assets, including buildings, land, fire equipment, and water lines.

The following table shows, in a condensed format, the net assets as of December 31, 2004. A comparative analysis will be provided in future years when prior year information is available.

	<u>Governmental Activities</u>
Current and other assets	\$2,720,461
Capital assets - net	<u>1,631,789</u>
Total assets	4,352,250
 Current and other liabilities	 441,000
Noncurrent liabilities	<u>2,009,173</u>
Total liabilities	2,450,173
 Net assets:	
Invested in capital assets, net of related debt	1,631,789
Unrestricted	<u>270,288</u>
Total net assets	<u><u>\$1,902,077</u></u>

The following table shows the changes in net assets for the year ended December 31, 2004. A comparative analysis will be provided in future years when prior year information is available.

	<u>Activities</u>
Revenue	
Program revenue:	
Charges for services	\$ 318,845
General revenue:	
Property taxes	1,023,840
Licenses and permits	24,534
Intergovernmental	311,615
Interest	71,784
Franchise fees	30,353
Rent	21,555
Other	17,249
Total revenue	<u>1,819,775</u>
Program Expenses	
Legislative	58,801
General government	286,385
Public safety	391,819
Public works	193,188
Recreation and cultural	27,957
Garbage collection	206,395
Interest	43,738
Road improvements	154,909
Other	141,167
Total program expenses	<u>1,504,359</u>
Increase in net assets before transfers	315,416
Transfers	<u>155,000</u>
Change in net assets	470,416
Net assets, beginning of year	<u>1,431,661</u>
Net assets, end of year	<u><u>\$1,902,077</u></u>

Economic Indicators and Next Year's Budget

Once again anticipating further cuts in state-shared revenue, the Township has budgeted at a rate approximately 5 percent less than the prior fiscal year.

Contacting the Township's Management

The financial report is intended to provide taxpayers, citizens and investors with a general overview of the Township's finances and the accountability for the money received. If you have any questions about this report or need additional information, please contact the Clerk's office.

The Charter Township of Williams
Bay County, Michigan

Statement of Net Assets

December 31, 2004

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 1,458,576
Deposits with Bay County Department of Water and Sewer	85,175
Accounts receivable	7,651
Taxes receivable	652,906
Tap fees receivable - principal	91,563
Property tax administration fee receivable	22,462
Due from other fund	391,947
Prepaid expenses	10,181
Capital assets, net	1,631,789
Total assets	<u>4,352,250</u>
Liabilities	
Accounts payable	27,382
Deposits payable	10,153
Long-term debt:	
Due within one year	403,465
Due in more than one year	2,009,173
Total liabilities	<u>2,450,173</u>
Net assets	
Invested in capital assets, net of related debt	1,631,789
Unrestricted	270,288
Total net assets	<u><u>\$ 1,902,077</u></u>

See accompanying notes.

The Charter Township of Williams
Bay County, Michigan

Statement of Activities

Year ended December 31, 2004

	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenue and Change in Net Assets Governmental Activities</u>
Functions/programs:			
Governmental activities:			
Legislative	\$ 58,801		\$ (58,801)
General government	286,385		(286,385)
Public safety	391,819	\$316,635	(75,184)
Public works	193,188	2,210	(190,978)
Recreation and cultural	27,957		(27,957)
Trash collection	206,395		(206,395)
Interest	43,738		(43,738)
Road improvements	154,909		(154,909)
Other	141,167		(141,167)
Total governmental activities	<u>\$1,504,359</u>	<u>\$318,845</u>	<u>(1,185,514)</u>
General revenues:			
Property taxes, levied for general operations			1,023,840
Licenses and permits			24,534
Intergovernmental			311,615
Interest			71,784
Franchise fees			30,353
Rent			21,555
Other			17,249
Transfers			155,000
Total general revenues and transfers			<u>1,655,930</u>
Change in net assets			470,416
Net assets at beginning of year			<u>1,431,661</u>
Net assets at end of year			<u>\$ 1,902,077</u>

See accompanying notes.

The Charter Township of Williams
Bay County, Michigan

Balance Sheet
Governmental Funds

December 31, 2004

	General	Garbage Collection	Sewer Connection	Waterline Extension and Construction	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 662,177	\$ 44,134	\$460,194	\$279,180	\$12,891	\$1,458,576
Deposits with Bay County Department of Water and Sewer			61,883	23,292		85,175
Accounts receivable	7,651					7,651
Taxes receivable	525,742	127,164				652,906
Tap fees receivable - principal			54,139	37,424		91,563
Property tax administration fee receivable	22,462					22,462
Due from other funds	255,453	84,073	23,603	28,818		391,947
Prepaid expenses	10,181					10,181
Total assets	<u>\$ 1,483,666</u>	<u>\$255,371</u>	<u>\$599,819</u>	<u>\$368,714</u>	<u>\$12,891</u>	<u>\$2,720,461</u>
Liabilities and fund balances						
Liabilities:						
Accounts payable	\$ 9,015	\$ 17,066			\$ 1,301	\$ 27,382
Deposits payable	10,153					10,153
Total liabilities	<u>19,168</u>	<u>17,066</u>	<u>-</u>	<u>-</u>	<u>1,301</u>	<u>37,535</u>
Fund balances:						
Unreserved - designated for tax collection						
General fund	(236,437)					(236,437)
Unreserved - undesignated						
General fund	1,700,935					1,700,935
Special revenue		238,305	599,819	368,714	11,590	1,218,428
Total fund balances	<u>1,464,498</u>	<u>238,305</u>	<u>599,819</u>	<u>368,714</u>	<u>11,590</u>	<u>2,682,926</u>
Total liabilities and fund balances	<u>\$ 1,483,666</u>	<u>\$255,371</u>	<u>\$599,819</u>	<u>\$368,714</u>	<u>\$12,891</u>	<u>\$2,720,461</u>

Total governmental fund balances \$2,682,926

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	
The cost of capital assets is	2,250,851
Accumulated depreciation is	(619,062)
Amounts provided for long-term debt are not financial uses and are not reported in the funds.	(2,412,638)
Net assets of governmental activities	<u>\$1,902,077</u>

See accompanying notes.

The Charter Township of Williams
Bay County, Michigan

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year ended December 31, 2004

	General	Garbage Collection	Sewer Connection	Waterline Extension and Construction	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 812,604	\$211,236				\$1,023,840
Licenses and permits	24,534					24,534
Intergovernmental	311,615					311,615
Charges for services	104,753		\$ 86,728	\$ 125,364	\$ 2,000	318,845
Interest	14,443	1,157	23,861	32,297	26	71,784
Franchise fees	30,353					30,353
Rent					21,555	21,555
Other	17,119	130				17,249
Total revenues	1,315,421	212,523	110,589	157,661	23,581	1,819,775
Expenditures						
Legislative	58,801					58,801
General government	224,233				23,838	248,071
Public safety	391,819					391,819
Public works	245,629			465,073		710,702
Recreation and cultural	27,957					27,957
Trash collection		204,795			1,600	206,395
Capital outlay	21,603					21,603
Other	140,255	912				141,167
Total expenditures	1,110,297	205,707	-	465,073	25,438	1,806,515
Excess of revenues over (under) expenditures	205,124	6,816	110,589	(307,412)	(1,857)	13,260
Other financing sources (uses)						
Operating transfers in (out)	(157,500)		(111,467)	155,000		(113,967)
Total other financing sources (uses)	(157,500)	-	(111,467)	155,000	-	(113,967)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	47,624	6,816	(878)	(152,412)	(1,857)	(100,707)
Fund balances at beginning of year	1,416,874	231,489	600,697	521,126	13,447	2,783,633
Fund balances at end of year	\$ 1,464,498	\$238,305	\$ 599,819	\$ 368,714	\$11,590	\$2,682,926

See accompanying notes.

The Charter Township of Williams
Bay County, Michigan

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities

Year ended December 31, 2004

Net change in fund balances - total governmental funds	\$ (100,707)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimates lives as depreciation.	(45,535)
Governmental funds report debt service principal as an expenditure of the current period. In the statement of activities, these costs are not expensed.	347,691
Governmental funds report operating transfers as expense of the current period. In the statement of activities, these amounts have been eliminated.	<u>268,967</u>
Net change in net assets - government-wide statement of activities	<u><u>\$ 470,416</u></u>

See accompanying notes.

The Charter Township of Williams
Bay County, Michigan

Statement of Changes in Assets and Liabilities
Agency Fund - Current Tax Collections Fund

Year ended December 31, 2004

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash	\$650,182	\$868,597	\$650,182	\$868,597
Liabilities				
Due to other funds	\$295,912	\$391,947	\$295,912	\$391,947
Due to other taxing units	354,270	476,650	354,270	476,650
Total liabilities	\$650,182	\$868,597	\$650,182	\$868,597

The Charter Township of Williams
Bay County, Michigan

Notes to Financial Statements

December 31, 2004

1. Summary of Significant Accounting Policies

Introduction

The Charter Township of Williams, Bay County, Michigan (the Township) complies with accounting principles generally accepted in the United States of America (GAAP). The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Financial Reporting Entity

The Township was organized in 1855 and covers an area of approximately 36 square miles. The Township operates under an elected Board of Officials (7 members) and provides a variety of services to its approximately 4,500 residents, including law enforcement, community enrichment and development, and human services. In evaluating how to define the Township, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GAAP, currently GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*.

Based upon the application of these criteria, the financial statements of the Township contain all the funds and account groups controlled by the Township's Board as no other entity meets the criteria to be considered a blended component unit or a discretely presented component unit of the Township.

This report does not include the financial statements of the Williams Township Debt Retirement Funds, which are maintained by the County of Bay for the retirement of a Williams Township Revenue Bond Issue and joint bond issues between the County of Bay, Williams Township and other Townships. Education services are provided to citizens through the local school district, which is a separate governmental entity.

Jointly Governed Organizations

The Township and the City of Auburn jointly govern the Auburn-Williams Fire Protection District. The funding formula requires that Williams Township provide 70% and the City of Auburn provide 30% of the operational and building costs. The Auburn-Williams Fire District has title to all property, plant and equipment. All of the financial operations of the Fire Protection District are recorded in the Auburn-Williams Fire Protection District.

The Charter Township of Williams
Bay County, Michigan

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Jointly Governed Organizations (continued)

The Township's appropriation to the Auburn-Williams Fire Protection District for the year ending December 31, 2004 was \$131,215.

The Township, the City of Auburn, and Beaver Township jointly govern the Auburn Area Solid Waste Management Authority (Authority). Each municipality is liable for its share of any expenditures incurred. As of December 31, 2004, Williams Township has not entered into any contracts, hired employees, issued debt or purchased assets. All of the financial operations of the Authority are recorded by the Auburn Area Solid Waste Management Authority.

Basic Financial Statements – Government-Wide Statements

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. Fiduciary funds, such as the Tax Collections Fund, are excluded from government-wide financial statements.

In the government-wide statement of net assets, the columns are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in two parts: invested in capital assets, net of related debt and unrestricted net assets.

The government-wide statement of activities demonstrates the degree to which the direct expenses (including depreciation) of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

In creating the government-wide financial statements the Township has eliminated interfund transactions. This government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities.

The Charter Township of Williams
Bay County, Michigan

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Basic Financial Statements – Fund Statements

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

The Township reports the following major governmental funds:

The Charter Township of Williams
Bay County, Michigan

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

General Fund

The General Fund is used to account for all financial transactions not accounted for in other funds, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

Garbage Collection Fund

The Garbage Collection Fund is a special revenue fund that is used to record the activity of the Township's garbage collection activities.

Waterline Extension and Construction Fund

The Waterline Extension and Construction Fund is a debt service fund used to account for the accumulated resources for, and the payment of, general long-term principal, interest and related costs for the waterline extension and construction.

Sewer Connection Fund

The Sewer Connection Fund is a debt service fund used to account for the accumulated resources for, and the payment of, general long-term principal, interest and related costs for the sewer system.

Additionally, the Township reports the following fund type:

Agency Fund – Current Tax Collections Fund

The Current Tax Collections Fund is an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Current Tax Collections Fund is used to account for taxes collected as an agent for other governmental units.

Assets, Liabilities and Equity

Cash and Cash Equivalents

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit with original maturities of three months or less.

The Charter Township of Williams
Bay County, Michigan

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Equity (continued)

Investments

State statutes authorize the Township to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township is also authorized to invest in the investment pools managed by qualified financial institutions.

Accounts Receivable

Accounts receivable are stated at the outstanding principal balance adjusted for any charge-offs. The Township closely monitors outstanding balances and writes off receivables when the receivable is deemed uncollectible. The Township believes any realization losses on the outstanding balance at December 31, 2004 would be immaterial.

Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are stated at cost or, if donated, at estimated fair market value at the time of donation. Expenditures that materially extend the life of an asset are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of fixed assets is reflected in the capitalized value of the asset constructed.

The Charter Township of Williams
Bay County, Michigan

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water system	50-70 years
Buildings	30-50 years
Land improvements	15-20 years
Equipment	5-10 years
Vehicles	3-8 years

Total depreciation expense for the Township for the year ended December 31, 2004 was approximately \$67,000.

Compensated Absences

No accrual has been made for unpaid sick and vacation since the amount is immaterial to the financial statements for the Township at December 31, 2004.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Township's officials to make estimates and assumptions that affect the amounts reported in the general purpose financial statements and accompanying notes. Actual results could differ from those estimates.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end. The Township does not maintain a formalized encumbrance accounting system.

The Charter Township of Williams
Bay County, Michigan

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1st, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following January 1st. The operating budget includes proposed expenditures and the means of financing them. The Township adopts the budget at the line item level for each fund.
2. Two public hearings are conducted at township board meetings prior to the October 31st budget adoption to obtain taxpayer comments.
3. Prior to November 1st, the budget is legally adopted by a Township Board resolution pursuant to the uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated. Any expenditure in violation of the budgeting act is disclosed as an unfavorable variance on the statements of revenues, expenditures and changes in fund balances - budget and actual - general and special revenue funds.
4. The Supervisor is authorized to transfer budgeted amounts between line items within an activity; however, the Township Board must approve any revisions that alter the total expenditures of any activity.
5. Formal budgetary integration is employed as a management control device during the year for all funds except Trust and Agency Funds.
6. The budget, as presented, has been amended. Supplemental appropriations were made during the year with the last one approved prior to December 31st.

The Charter Township of Williams
Bay County, Michigan

Notes to Financial Statements (continued)

2. Accounting Changes

Effective January 1, 2004, the Township adopted the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* (GASB Statement No. 34). GASB Statement No. 34 establishes the basic financial statements and required supplementary information for the Township. The information consists of:

- Management’s Discussion and Analysis
- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Required supplemental information

The effect of the adoption of GASB Statement No. 34 was to increase net assets by \$14,877.

3. Cash and Cash Equivalents - Credit Risk

The Township maintains a cash pool that is available for use by all funds except the Current Tax Collections Fund, Waterline Extension and Construction Fund and Sewer Connection Fund. Each fund type’s portion of this pool is displayed on the combined balance sheet as “cash and cash equivalents” under each fund’s caption.

At December 31, 2004, the book value of the Township’s deposits, consisting primarily of interest bearing savings and checking accounts, were \$1,458,576 and the bank balances were \$1,430,748. Of the bank balances, Federal Depository Insurance covered \$344,332 and \$1,086,416 was uninsured.

Deposits are categorized into these three categories of credit risk.

1. Insured or collateralized with securities held by the entity or by its agent in the entity’s name.
2. Collateralized with securities held by the pledging financial institution’s trust department or agent in the entity’s name.
3. Uncollateralized.

	Category			Carrying Value
	1	2	3	
Deposits with financial institutions	\$344,332	–	\$1,086,416	\$1,430,748

The Charter Township of Williams
Bay County, Michigan

Notes to Financial Statements (continued)

4. Capital Assets

Capital asset activity of the Township's governmental activities for the year ended December 31, 2004 was as follows:

	Balance January 1, 2004	Additions	Deletions	Balance December 31, 2004
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 120,258			\$ 120,258
Capital assets being depreciated:				
Infrastructure for sewer and water lines	855,340	\$297,615		1,152,955
Land improvements	221,944			221,944
Buildings	499,706			499,706
Building improvements	81,414	8,663		90,077
Equipment and furniture	165,911			165,911
Subtotal	1,824,315	306,278		2,130,593
Less accumulated depreciation for:				
Infrastructure for sewer and water lines	45,097	28,824		73,922
Land improvements	173,680	5,999		179,678
Buildings	212,647	12,418		225,065
Building improvements	17,069	5,381		22,739
Equipment and furniture	103,431	14,228		117,658
Subtotal	551,924	66,850		619,062
Net capital assets being depreciated	1,272,391	239,428		1,511,531
Governmental activities capital assets, net	\$1,392,649	\$239,428	—	\$1,631,789

Depreciation expense was charged to activities as follows:

Governmental activities:	
General government	\$38,026
Public works	28,824
Total governmental activities depreciation expense	<u>\$66,850</u>

The Charter Township of Williams
Bay County, Michigan

Notes to Financial Statements (continued)

5. Long-Term Debt

Long-term debt consists of general obligation bonds payable and is recorded as a government-type activity within the Sewer Connection and Waterline Extension and Construction Funds.

Bay County Water Supply System (Williams Township) Contract

The Township has entered into a contract with the County of Bay to provide for the construction and financing of a water supply system. The system is owned and operated by the Bay County Department of Water and Sewer. The contract provides, among other things, that the County will acquire certain water supply improvements and will issue its bonds aggregating the principal sum of \$920,000, dated August 1, 1977, bearing interest of 5.00%, to finance a part of the cost of the same for the Township. The Township is required to pay all sums necessary to retire the principal and interest on the bonds and has pledged as security for such obligation its full faith and credit. It is intended that the obligation will be repaid from debt service charges to system customers.

Frankenlust - Monitor - Portsmouth - Williams Bond Issue

The Township, County of Bay, and the townships of Frankenlust, Monitor and Portsmouth jointly issued bonds for construction of improvements, enlargements and extensions on existing Water Service Systems that are owned and operated by the Bay County Department of Water and Sewer. The bonds dated February 1, 1987, have an aggregate principal sum of \$1,650,000 and bear interest rates between 5.00% and 8.00% with annual payments required through 2006. The Township's share is \$127,380 (7.72%).

The Williams Township Debt Retirement Fund is maintained by the County of Bay and is financed by quarterly charges to residents using the Water Supply System.

Debt requirements:

Total interest and principal required of Williams Township	\$244,810
Paid by Williams Township Debt Retirement Fund	220,956
Balance at December 31, 2004	<u>\$ 23,854</u>

Water Supply System Extension Revenue Bonds

The Township has entered into a contract with the Board of County Road Commissioners, County of Bay for the transfer of the Williams Water Supply System Extension Fund and related debt service payments. The County has the responsibility for the principal and interest payments to the bondholders from debt service user fees collected on the system.

The Charter Township of Williams
Bay County, Michigan

Notes to Financial Statements (continued)

5. Long-Term Debt (continued)

Water Supply System Extension Revenue Bonds (continued)

The Revenue Bonds originally issued by the Township in the amount of \$305,000 bear interest at 5.00%.

Bay County West Side Regional Sewage Disposal System

The Township, along with other local units of government, entered into an agreement with Bay County for the construction of the Bay County West Side Regional Sewage Disposal System. The cost of the project was paid from Federal and State grants and a bond issue in the amount of \$28,000,000. The system is owned and operated by the Bay County Department of Water and Sewer.

The bonds, dated July 1, 1978, are general obligation bonds of Bay County, with interest rates ranging from 5.50% to 7.50% and are due annually through 2008. The townships involved in the project pay principal and interest, allocated based on final construction costs. The Township's share is \$4,411,120 (15.754%).

The Township has decided to pay its portion of the principal and interest from debt service user charges collected by Bay County for the Township with the balance coming from the connection fees collected by the Sewer Connection Fund.

A portion of the sewer charge billed to each customer in the Township is set aside by Bay County to provide for major repairs to the system and may be used to pay the principal and interest payments if the debt service user charges and connection fees are not sufficient.

Williams-Monitor Bond Issue

The County of Bay, The Charter Township of Williams and The Charter Township of Monitor jointly issued bonds for additional water lines to the existing Water Service Systems that are owned and operated by the Bay County Department of Water and Sewer. The bonds, dated February 1, 1990, have an aggregate principal sum of \$1,000,000 and bear interest rates between 6.35% and 7.30% with annual payments required through 2009. The Township's share of the bonds total \$625,000 and will be paid from connection fees collected by the Waterline Extension and Construction Fund.

The Charter Township of Williams
Bay County, Michigan

Notes to Financial Statements (continued)

5. Long-Term Debt (continued)

Bay County Road Commission - Road Improvements

The Township has entered into a contract with the Bay County Road Commission to provide for the maintenance and improvements to various roads in the Township. Amounts are due through December 2007.

Installment Purchase Agreements

The Township entered into an installment purchase contract with Independent Bank on March 5, 2001 for the construction of an underground waterline extension project. The installment purchase contract in the amount of \$500,000 bears interest at 5.50% with annual payments of \$47,598 through the year 2015. The agreement is unsecured and bears the Township's pledge to levy taxes within statutory and constitutional limitations along with special assessments levied upon the waterline project users.

Changes in Long-Term Debt

	Balance January 1, 2004	Additions	Deletions	Balance December 31, 2004
Bay County Water Supply System (Williams Township) contract	\$ 520,000		\$ (30,000)	\$ 490,000
Frankenlust-Monitor-Portsmouth- Williams Bond issue	28,950		(7,720)	21,230
Water Supply System Extension Revenue Bonds	195,000		(5,000)	190,000
Bay County West Side Regional Sewage Disposal System	1,228,812		(236,310)	992,502
Williams-Monitor Bond issue	300,000		(50,000)	250,000
Bay County Road Commission - road improvement projects	72,808	\$167,395	(154,909)	85,294
Installment purchase agreements	418,374		(34,762)	383,612
Capitalized lease agreements	4,891		(4,891)	—
	<u>\$2,768,835</u>	<u>\$167,395</u>	<u>\$(523,592)</u>	<u>\$2,412,638</u>

The Charter Township of Williams
Bay County, Michigan

Notes to Financial Statements (continued)

5. Long-Term Debt (continued)

Debt Service Requirements

The annual principal and interest requirements through maturity for all debts outstanding as of December 31, 2004 are as follows:

Fiscal Year Ending	Principal	Interest	Total
2005	\$ 403,465	\$120,716	\$ 524,181
2006	406,337	99,665	506,002
2007	380,244	77,807	458,051
2008	377,857	56,586	434,443
2009	132,556	41,866	174,422
Thereafter	712,179	160,782	872,961
	<u>\$2,412,638</u>	<u>\$557,422</u>	<u>\$2,970,060</u>

Interest Expense

Total interest expense for the Township for the year ended December 31, 2004 was \$127,160.

6. Operations - Bay County Department of Water and Sewer

The Bay County Department of Water and Sewer owns and operates water and sewer lines used by the Township residents. The County is responsible for billing township residents and for payment of expenditures related to the operations of these lines. The County has established fund balances to account for excess of revenues over expenditures related to the Township's share of water and sewer line activities. The Township reflects annual activity in Debt Service funds through "other financing sources (uses)" and reports the assets under "Deposits with Bay County Department of Water and Sewer."

7. Property Taxes

The Township bills and collects its own taxes and taxes for the County of Bay, Bay City Public Schools, Delta College and Bay-Arenac Intermediate School District. Property taxes are levied and become a lien on each July 1 and December 1 on the taxable valuation of property located in the Township as of the preceding December 31 and are due without penalty on or before September 15 and February 28. The taxable assessed value of the certified roll on December 31, 2003, upon which the levy for the 2004 fiscal year was based, was \$164,616,486. The collection of these taxes and remittance to the proper authority are accounted for in the Current Tax Collections Fund.

The Charter Township of Williams
Bay County, Michigan

Notes to Financial Statements (continued)

7. Property Taxes (continued)

The tax rate assessed for the year ending December 31, 2004 to finance General Fund operations was \$4.40 per \$1,000 valuation.

8. Economic Dependency

The Township receives a significant amount of tax revenue from one taxpayer. Approximately 22%, or \$175,000, of the current tax revenue is received by the Township from this taxpayer.

9. Interfund Receivables and Payables

The amount of interfund receivables and payables are as follows:

Fund	Interfund Receivables	Fund	Interfund Payables
General Fund:		Trust and Agency Funds:	
Trust and Agency	<u>\$255,453</u>	General Fund	\$255,453
		Garbage Collection Fund	84,073
Special Revenue Fund:		Waterline Extension and	
Trust and Agency	<u>\$ 84,073</u>	Construction Fund	28,818
		Sewer Connection Fund	23,603
Debt Service Fund:			
Trust and Agency	<u>\$ 52,421</u>		
Combined total	<u>\$391,947</u>	Combined total	<u>\$391,947</u>

10. Excess of Expenditures Over Appropriations in Budgetary Funds

P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted at the activity and line item levels.

The Charter Township of Williams
Bay County, Michigan

Notes to Financial Statements (continued)

10. Excess of Expenditures Over Appropriations in Budgetary Funds (continued)

During the year ended December 31, 2004, the Township incurred expenditures in certain budgetary funds, which were in excess of the amounts appropriated, as follows:

Fund	Total Appropriations	Amount of Expenditures	Budget Variance
General Fund:			
Accounting	\$ 8,000	\$ 8,740	\$ 740
Building and grounds	2,500	2,658	158
Insurance and bonds	35,000	35,311	311
Garbage Fund	202,900	205,707	2,807
Building and Site Fund	15,500	17,079	1,579

11. Reserved Fund Balance - General Fund

Property Tax Administration Fees

P.A. 503 of 1982, provides that a local unit can only use property tax administration fees collected to offset costs of assessing, including review and appeals, and tax collections.

During the year ended December 31, 2004, the Township collected the following fees and incurred the following expenses.

Revenues:	
Property tax administration fees	\$ 65,205
Collection charges	11,200
Total revenues	<u>76,405</u>
Expenditures:	
Township Board	11,466
Assessor	42,429
Board of Review	125
Treasurer	38,304
Total expenditures	<u>92,324</u>
Net deficit	(15,919)
Reserved fund deficit at December 31, 2003	(220,518)
Reserved fund deficit at December 31, 2004	<u>\$(236,437)</u>

The Charter Township of Williams
Bay County, Michigan

Notes to Financial Statements (continued)

12. Retirement Plan

The Township has a single employer defined contribution pension plan administered by John Hancock, covering substantially all full and part-time employees except volunteer firemen and seasonal employees. The Township contributes 100% of the premiums for each participant at a rate of 15% of gross wages. Total payroll for the year ending December 31, 2004 was approximately \$270,000. The Township's policy is to fund pension costs on an annual basis. Employer contributions for the year were approximately \$38,000. Benefits attributable to employer contributions are 100% vested. The pension, as established, does not recognize prior service costs as it is based exclusively on current compensation earned by participants.

13. Building Inspection Department

P. A. 245 of 1999 allows local governmental units to continue to account for enforcing agency activities within the General Fund as long as the local unit's fee structure is not intended to recover the full cost of the enforcing agency and the local unit has the ability to track the full costs and revenues of this activity without creating a separate fund.

During the year ended December 31, 2004, the enforcing agency collected the following fees and incurred the following expenditures:

Revenues:	
Charges for services	\$ 77,446
Expenditures:	
Inspector's wages	34,369
Zoning Administrator	28,400
Pension expense	7,746
Rent	4,800
Office supplies	3,616
Maintenance	737
State of Michigan Registration fees	480
Travel	3,003
Capital outlay	10,193
Telephone	600
Net loss	<u><u>\$(16,498)</u></u>

14. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The Township carries commercial insurance for risks to cover these losses. The Township also carries commercial insurance for other risks of loss, including employee health and accident insurance.

The Charter Township of Williams
Bay County, Michigan

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year ended December 31, 2004

				Variance with Final Budget Positive (Negative)
Revenues	Original Budget	Final Budget	Actual	
Taxes:				
Current tax levy	\$ 680,700	\$ 695,900	\$ 736,199	\$ 40,299
Property tax administration fees	55,000	60,000	76,405	16,405
Total taxes	735,700	755,900	812,604	56,704
Licenses and permits:				
Building permits	50,000	60,000	77,446	17,446
Charter cable fees	25,000	28,000	30,353	2,353
State liquor inspection	850	750	837	87
Fire pit permits	50	50	240	190
Right of way fees	-	5,000	24,534	19,534
Total licenses and permits	75,900	93,800	133,410	39,610
Intergovernmental:				
State sales tax	365,000	330,000	311,615	(18,385)
Charges for services	15,150	53,200	26,230	(26,970)
Interest	27,000	20,000	14,443	(5,557)
Other	10,700	11,000	17,119	6,119
Total revenues	1,229,450	1,263,900	1,315,421	51,521
Expenditures (Schedule of General Fund Expenditures)	1,224,041	1,313,580	1,110,297	203,283
Excess of revenues over (under) expenditures	5,409	(49,680)	205,124	254,804
Other financing sources (uses)				
Operating transfers in (out)	168,000	168,500	(157,500)	(326,000)
Total other financing sources (uses)	168,000	168,500	(157,500)	(326,000)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	173,409	118,820	47,624	(71,196)
Fund balance at beginning of year	1,416,874	1,416,874	1,416,874	-
Fund balance at end of year	\$1,590,283	\$1,535,694	\$1,464,498	\$ (71,196)

The Charter Township of Williams
Bay County, Michigan

General Fund
Schedule of General Fund Expenditures - Budget and Actual

Year ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Legislative:				
Township Board	\$ 65,650	\$ 61,250	\$ 58,801	\$ 2,449
General government:				
Supervisor	53,400	36,750	36,699	51
Accounting	7,000	8,000	8,740	(740)
Clerk	53,400	55,300	52,723	2,577
Elections	3,400	7,600	6,480	1,120
Assessor	41,600	42,750	41,204	1,546
Treasurer	60,050	61,400	56,261	5,139
Board of Review	1,300	1,300	801	499
Attorney	14,000	12,000	10,244	1,756
Cemetery	9,100	9,100	8,423	677
Building and grounds	2,000	2,500	2,658	(158)
Total general government	245,250	236,700	224,233	12,467
Public safety:				
Planning	28,900	44,900	38,696	6,204
Law enforcement	130,000	145,000	141,531	3,469
Fire protection	130,000	134,600	133,142	1,458
Inspection department	61,350	88,350	76,228	12,122
Zoning	14,200	7,300	2,222	5,078
Total public safety	364,450	420,150	391,819	28,331
Public works:				
Department of Public Works	258,891	277,880	245,629	32,251
Capital outlay:				
General government	121,000	127,000	21,603	105,397
Other:				
Insurance and bonds	29,000	35,000	35,311	(311)
Risk management	3,000	2,000	881	1,119
FICA expense	25,000	25,000	21,718	3,282
Dental insurance	6,200	8,000	7,214	786
Medical insurance	40,000	45,000	37,536	7,464
Recreation and cultural	25,600	30,600	27,957	2,643
Retirement	40,000	45,000	37,595	7,405
Total other	168,800	190,600	168,212	22,388
Total expenditures	\$1,224,041	\$1,313,580	\$1,110,297	\$203,283

The Charter Township of Williams
Bay County, Michigan

Garbage Collection Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$210,000	\$205,000	\$211,236	\$6,236
Interest	1,500	1,200	1,157	(43)
Other	100	100	130	30
Total revenues	211,600	206,300	212,523	6,223
Expenditures				
Trash collection	199,800	201,500	204,795	(3,295)
Other	800	1,400	912	488
Total expenditures	200,600	202,900	205,707	(2,807)
Excess of revenues over (under) expenditures	11,000	3,400	6,816	3,416
 Fund balance at beginning of year	 231,489	 231,489	 231,489	 -
Fund balance at end of year	\$242,489	\$234,889	\$238,305	\$3,416

Other Financial Information

The Charter Township of Williams
Bay County, Michigan
Detail of Indebtedness
December 31, 2004

Name of Issue	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	Amount of Annual Maturity	Annual Interest Payment
Bay County Water Supply System	August 1, 1977	\$920,000	5.00%	5/1/2005	\$ 30,000	\$ 23,750
			5.00%	5/1/2006	30,000	22,250
			5.00%	5/1/2007	35,000	20,625
			5.00%	5/1/2008	35,000	18,875
			5.00%	5/1/2009	40,000	17,000
			5.00%	5/1/2010	40,000	15,000
			5.00%	5/1/2011	40,000	13,000
			5.00%	5/1/2012	40,000	11,000
			5.00%	5/1/2013	40,000	9,000
			5.00%	5/1/2014	40,000	7,000
			5.00%	5/1/2015	40,000	5,000
			5.00%	5/1/2016	40,000	3,000
			5.00%	5/1/2017	40,000	1,000
					<u>\$490,000</u>	<u>\$166,500</u>

The Charter Township of Williams
Bay County, Michigan

Detail of Indebtedness (continued)

December 31, 2004

Name of Issue	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	Amount of Annual Maturity	Annual Interest Payment
Frankenlust - Monitor - Portsmouth - Williams Bond Issue	February 1, 1987	\$127,380	8.00%	9/1/2005	\$ 9,650	\$1,698
			8.00%	9/1/2006	11,580	926
					<u>\$21,230</u>	<u>\$2,624</u>

The Charter Township of Williams
Bay County, Michigan

Detail of Indebtedness (continued)

December 31, 2004

Name of Issue	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	Amount of Annual Maturity	Annual Interest Payment
Water Supply System Extension Revenue Bonds	January 1, 1980	\$305,000	5.00%	1/1/2005	\$ 5,000	\$ 9,375
			5.00%	1/1/2006	5,000	9,125
			5.00%	1/1/2007	5,000	8,875
			5.00%	1/1/2008	10,000	8,500
			5.00%	1/1/2009	10,000	8,000
			5.00%	1/1/2010	10,000	7,500
			5.00%	1/1/2011	10,000	7,000
			5.00%	1/1/2012	10,000	6,500
			5.00%	1/1/2013	10,000	6,000
			5.00%	1/1/2014	15,000	5,375
			5.00%	1/1/2015	15,000	4,625
			5.00%	1/1/2016	15,000	3,875
			5.00%	1/1/2017	15,000	3,125
			5.00%	1/1/2018	15,000	2,375
			5.00%	1/1/2019	20,000	1,500
			5.00%	1/1/2020	20,000	500
					<u>\$190,000</u>	<u>\$92,250</u>

The Charter Township of Williams
Bay County, Michigan

Detail of Indebtedness (continued)

December 31, 2004

Name of Issue	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	Amount of Annual Maturity	Annual Interest Payment
Bay County West Side Regional Sewage Disposal System	July 1, 1978	\$4,411,120	5.50%	5/1/2005	\$236,310	\$ 48,089
			5.50%	5/1/2006	252,064	34,659
			5.50%	5/1/2007	252,064	20,795
			5.50%	5/1/2008	252,064	6,616
					<u>\$992,502</u>	<u>\$110,159</u>

The Charter Township of Williams
Bay County, Michigan

Detail of Indebtedness (continued)

December 31, 2004

Name of Issue	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	Amount of Annual Maturity	Annual Interest Payment
Williams - Monitor Bond Issue	January 1, 1990	\$625,000	7.25%	5/1/2005	\$ 50,000	\$16,412
			7.30%	5/1/2006	50,000	12,775
			7.30%	5/1/2007	50,000	9,125
			7.20%	5/1/2008	50,000	5,475
			7.20%	5/1/2009	50,000	1,825
					<u>\$250,000</u>	<u>\$45,612</u>

The Charter Township of Williams
Bay County, Michigan

Schedule of Capital Assets

Year ended December 31, 2004

	Date Acquired	Cost	Useful Life	Current Year Depreciation	Accumulated Depreciation	Net Book Value
Land						
Pine Grove Cemetery	1871	\$ 20				\$ 20
Meadow Court (Partial Lot)	1989	50				50
Zielinski Estates Outlot A - Storm Water Retention Pond	1992	1				1
Garfield Subdivision Lots	2003	1				1
Township Hall Land	1968	43,319				43,319
Park Land:						
Land	1983	35,000				35,000
Additional Purchases (Beane Property 1988, 1989, 1990, & 1991)	Various	17,406				17,406
Additional Purchase (Lauer Property)	1986	12,596				12,596
Additional Purchase	1987	115				115
Water Tower Land	2002	11,750				11,750
		<u>120,258</u>				<u>120,258</u>
Land Improvements						
Front Parking Lot	2002	30,960	15	\$ 2,064	\$ 6,192	24,768
Bulk Water Station (Concrete)	2002	3,298	15	220	659	2,639
Park - Land Improvements:						
Fencing	1987	7,942	15	-	7,942	-
Park Improvements	1987	110,366	15	-	110,366	-
Park Improvements	1994	55,723	15	3,715	40,864	14,859
Park Improvements	1988	13,655	15	-	13,655	-
		<u>221,944</u>		<u>5,999</u>	<u>179,678</u>	<u>42,266</u>
Buildings						
Masonry Building located at Cemetery	1974	1,542	40	-	1,542	-
Water Station Building	1978	1,422	40	-	1,422	-
Township Hall	1968	202,768	40	5,069	182,491	20,277
DPW Building	1990	63,862	40	1,597	22,352	41,510
Water Tower	2002	230,112	40	5,753	17,258	212,854
		<u>499,706</u>		<u>12,419</u>	<u>225,065</u>	<u>274,641</u>
Building Improvements						
DPW Addition	2001	26,227	15	1,748	6,994	19,233
Zoning Office (Construction and carpet costs)	2001	6,510	15	434	1,736	4,774
Board Room	2002	500	15	33	100	400

Sign	2001	6,290	15	419	1,677	4,613
Carpet	2002	5,667	15	378	1,133	4,534
Lighting Fixtures	2002	2,850	15	190	570	2,280
Treasurer's Office Electrical	2002	11,000	15	733	2,200	8,800
New circuit box and wiring	2002	1,527	15	102	305	1,222
Board Room Lighting	2002	1,533	15	102	307	1,226
Ceiling Tile Replacement	2002	6,000	15	400	1,200	4,800
Treasurer's Office	11/1/2002	8,278	15	552	1,196	7,082
Cemetery Improvements	Various	5,032	15	-	5,032	-
Window/Door Installation	6/29/2004	8,663	15	289	289	8,374
		<u>90,077</u>		<u>5,380</u>	<u>22,739</u>	<u>67,338</u>

Furniture and Equipment

DPW Equipment:

Bandit Model 150 Chipper	6/9/1999	14,000	7	2,000	11,167	2,833
Kubota B2910 Tractor w/ Loader and Backhoe	7/11/2000	23,000	7	3,286	14,786	8,214
Kubota F2100E-1 Tractor w/ RC-72B Front Mount Mower	9/12/1995	10,995	7	-	10,995	-
Kubota F2100E Tractor w/ RC72-F20 Front Mount Mower	9/8/1993	9,300	7	-	9,300	-
1995 GMC TopKick w/ 14' Flatbed and Hoist	4/1/2001	16,000	7	2,286	8,571	7,429
		<u>73,295</u>		<u>7,572</u>	<u>54,819</u>	<u>18,476</u>

Furniture and Equipment:

Zoning Office	2001	6,650	7	950	3,800	2,850
Sharp Model AR-350N Copier/Scanner/Fax/Network Printer	4/1/2003	10,314	7	1,473	2,579	7,735
Lobby	2002	1,637	7	234	468	1,169
Supervisor's Office:						
Chairs	12/1/2001	697	7	100	307	390
Furniture	4/1/2003	4,966	7	709	1,242	3,724
Treasurer's Office	2002	9,984	7	1,426	4,279	5,705
Clerk's Office	2003	8,027	7	1,147	2,293	5,734
Board Room (Cupboards, chairs, refrigerator)	2002	4,321	7	617	1,851	2,470
		<u>46,596</u>		<u>6,656</u>	<u>16,819</u>	<u>29,777</u>

Park Equipment	1995	46,020	7	-	46,020	-
		<u>165,911</u>		<u>14,228</u>	<u>117,658</u>	<u>48,253</u>

Infrastructure:

Waterline Project - Townline Road from 8 Mile Road	1/26/2000	41,190	40	1,030	5,149	36,041
Waterline Project - Garfield Road	6/21/2001	533,109	40	13,328	46,647	486,462
Sanitary Sewer - Flajole Road	9/10/2002	168,541	40	4,214	9,832	158,709
Waterline Project - Nine Mile	10/25/2002	112,500	40	2,813	6,094	106,406
Waterline Project - Garfield Road	3/15/2004	297,615	40	7,440	6,200	291,415

		<u>1,152,955</u>		<u>28,825</u>	<u>73,922</u>	<u>1,079,033</u>
TOTAL		<u>\$ 2,250,851</u>		<u>\$ 66,851</u>	<u>\$ 619,062</u>	<u>\$ 1,631,789</u>